

# **HB\_1195\_Amendment \_ Sponsor**

Uploaded by: Chao Wu

Position: FAV



HB1195/323123/1

AMENDMENTS  
PREPARED  
BY THE  
DEPT. OF LEGISLATIVE  
SERVICES

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14:23:18

BY: Delegate Wu  
(To be offered in the Environment and Transportation Committee  
and the Economic Matters Committee)

AMENDMENTS TO HOUSE BILL 1195  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 6, strike “each individual” and substitute “certain individuals”; in the same line, in each instance, strike “owns” and substitute “own”; in the same line, strike “any individual” and substitute “certain individuals”; in line 14, strike “adding to” and substitute “repealing and reenacting, without amendments.”; and in line 16, strike “1-407” and substitute “1-501”.

AMENDMENT NO. 2

On page 2, strike in their entirety lines 9 through 24, inclusive, and substitute:

“1-501.”

In this subtitle, “entity” includes:

- (1) A corporation;
- (2) A limited liability company;
- (3) A limited liability partnership;
- (4) A limited partnership;
- (5) A limited liability limited partnership;
- (6) A professional corporation;

- (7) A trade name filer; and
- (8) A business trust.”.

AMENDMENT NO. 3

On page 3, in line 4, strike “**1-407**” and substitute “**1-501**”; after line 5, insert:

**“(B) THIS SECTION DOES NOT APPLY TO:**

- (1) AN ENTITY WITH SECURITIES THAT ARE REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION;**
- (2) AN ENTITY CHARTERED UNDER AN INTERSTATE COMPACT;**
- (3) A FEDERAL DEPOSIT INSURANCE CORPORATION DEPOSITORY INSTITUTION;**
- (4) A CREDIT UNION;**
- (5) A BANK HOLDING COMPANY;**
- (6) A BROKER OR DEALER REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION;**
- (7) A SECURITIES EXCHANGE OR CLEARING AGENCY;**
- (8) AN INVESTMENT COMPANY OR INVESTMENT ADVISOR REGISTERED OR DESCRIBED UNDER THE FEDERAL INVESTMENT COMPANY ACT OF 1940;**

**(9) AN INSURANCE COMPANY;**

**(10) AN ENTITY REGISTERED WITH THE COMMODITY FUTURES TRADING COMMISSION;**

**(11) A PUBLIC ACCOUNTING FIRM REGISTERED WITH THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD;**

**(12) A PUBLIC UTILITY;**

**(13) A CHURCH, CHARITY, OR NONPROFIT ORGANIZATION THAT HAS TAX EXEMPT STATUS UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE;**

**(14) A FINANCIAL MARKET UTILITY DESIGNATED BY THE FINANCIAL STABILITY OVERSIGHT COUNCIL; OR**

**(15) AN INSURANCE PRODUCER.”;**

in line 6, strike “(B)” and substitute “(C)”; and in line 11, after “ENTITIES” insert “IF:

**(1) THE INDIVIDUAL’S AGGREGATE SHARE OF THE LEGAL OR BENEFICIAL OWNERSHIP, WHETHER DIRECT OR INDIRECT, OF THE ENTITY EXCEEDS 10%; OR**

**(2) (I) THE INDIVIDUAL’S AGGREGATE SHARE OF THE LEGAL OR BENEFICIAL OWNERSHIP, WHETHER DIRECT OR INDIRECT, OF THE ENTITY DOES NOT EXCEED 10%; AND**

(Over)

(II) 1. THE INDIVIDUAL HAS THE ABILITY TO CONTROL THE FINANCIAL OR OPERATIONAL DECISIONS OF THE ENTITY; OR

2. THE INDIVIDUAL HAS THE ABILITY TO DIRECT THE DAY-TO-DAY OPERATIONS OF THE ENTITY”.

# **HB\_1195\_Sponsor Testimony\_Wu**

Uploaded by: Chao Wu

Position: FAV



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

March 6, 2023

Environment and Transportation Committee  
Room 251  
House Office Building  
Annapolis, MD 21401

Re: Development Transparency Act of 2023

Good afternoon, Chair Barve, Vice Chair Stein and members of the Environment and Transportation Committee.

For the record, I am Chao Wu, Delegate from District 9A. It is my honor and privilege to present my first ever bill to your esteemed committee. Constituents seek, and we believe you agree, that transparency fundamentally requires disclosure of those hidden individuals owning entities which are petitioning for land use benefits. Ethics also essentially requires disclosure of the individuals owning entities seeking government benefits.

House Bill 1195 requires some land use petitioners to disclose the ownership of the applicant. Disclosure of ownership is limited to land use petitions. Furthermore, the ONLY petitioners who would be required to disclose ownership are those few land use petitioners who are using an "entity name" to hide their real motives, and past practices, from decision makers who need to be fully informed. Although required ownership disclosure is common in other jurisdictions, individuals in Howard County and other Maryland jurisdictions have been successful in concealing the identity of actual owners.

"Each year, more than two million corporations, limited liability companies (LLCs), and other entities are formed in the United States. Historically, formation of these entities requires little to no disclosure of their beneficial owners. Though most people use these entities for lawful purposes, certain bad actors have taken advantage of this information void for illegal activities. On January 1, 2021, the US Congress passed the National Defense Authorization Act for 2021, which included the Corporate Transparency Act (CTA), requiring the disclosure of beneficial owners." Corporate Transparency Act: Beneficial Ownership Disclosure Requirements. February 25, 2021.

Disclosure statements are also required by Federal Rule of Civil Procedure 7.1. "... where a party is a nongovernmental joint venture, limited liability corporation, partnership, or limited

liability partnership, that party must include in its disclosure statement filed pursuant to Federal Rule of Civil Procedure 7.1 the name of every owner, member, and partner of the party, proceeding up the chain of ownership until the name of every individual and corporation with a direct and indirect interest in the party has been identified.” Standing Order issued by the United States District Court for the District of Delaware, April 18, 2022.

HB 1195 removes this non-disclosure tool used by some entities which profit to the disadvantage of the common good. There is no reason why entities that petition for land use tax benefits, tax incentives, exemptions, waivers and other beneficial treatments should not disclose the ownership of the entity filing the petition.

We also filed an amendment, which Legislative Services published this last Friday, to narrow the disclosure of ownership to be more limited and specific. Also, the Amendment resolves the note by the Business Law Section of the Maryland Bar Association that a separate Section I-407 is unnecessary and redundant. That Section was removed. My office sent you the amendment on Monday, yesterday. We could also send anyone who asked a copy of what my staff put together to clearly see HB1195 as Amended.

We want to hold developers accountable, make our government and zoning boards transparent, and at the same time, we want to focus on the key players in these businesses, who own more than 10% stakes of a developer entity. Once dealing with public goods and asking for tax exemption, tax benefits, tax incentives, waivers, there should be no hidden secret. They need to disclose the ownership to the public.

Disclosure is needed so that the public can be fully informed and protected in the initial decision-making process against entities which claim to be "beneficial to the public", but in reality public health, community economic benefits have not been well taken into consideration.

“Transparency literally means see-through. It’s derived from the medieval Latin term ‘transparentia’, which translates to ‘shining through’. But what does transparency mean in terms of business or government, and why is it so important?

In a general sense, transparency ensures that goals and intentions can be understood even from an outside perspective, with those involved at upper levels held clearly accountable. It’s important for reducing corruption and bribery and is a helpful indicator of whether an organization can be trusted.

Another notable example, The Maryland Attorney General's September 2022 Westminster Settlement reveals an LLC management company (together with 25 related entities) owned 17 residential communities containing more than 9,000 rental units charged tenants illegal fees and failed to maintain the properties subjecting tenants to leaking roofs and ceilings, excessive mold, and rodent infestations, among other things.



The 3.25-million-dollar settlement was achieved after years of investigation and litigation. Litigation does not fully compensate those adversely affected. Disclosure of the owners of entities seeking preferential treatment regarding land use would enable avoidance of bad actors moving to new locations under different entity names. The settlement is reported at <https://www.marylandattorneygeneral.gov/press/2022/092322.pdf>.

More must be done to protect the public interest. Public interests are vulnerable and valuable. Public assets are taken advantage of. Officials are misled by powerful, persuasive, professional experts who withhold complete information. Fragile, scares public assets must be better protected for a better result.

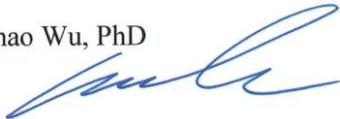
Making the ownership structure transparent and publicly accessible will help our normal people be informed, and the government in check.

For the fiscal impact: State Effect: The bill is not expected to directly affect State finances. Local Effect: The bill is not expected to directly affect local government finance

I am asking for a favorable report on HB1195 as Amended.

Kind Regards,

Chao Wu, PhD



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Chao Wu  
Legislative District 9A

Howard and Montgomery Counties

**MDDC Support HB1195.pdf**

Uploaded by: Rebecca Snyder

Position: FAV



**Maryland | Delaware | DC Press Association**

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[www.mddcpres.com](http://www.mddcpres.com)

To: House Environment and Transportation Committee

From: Rebecca Snyder, Executive Director, MDDC Press Association

Date: March 3, 2023

Re: **HB1195 - SUPPORT**

The Maryland-Delaware-District of Columbia Press Association represents a diverse membership of news media organizations, from large metro dailies like the Washington Post and the Baltimore Sun, to hometown newspapers such as The Annapolis Capital and the Frederick News Post to publications such as The Daily Record, the Baltimore Times, and online-only publications such as Bethesda Beat and Baltimore Brew.

The Press Association is pleased to support HB 1195, which would require those seeking exceptions from zoning regulations to disclose ownership of the entities requesting the exemptions.

We believe this legislation is an important step forward to will bring more transparency and openness to the development process. Too often, the public is left in the dark about the ownership and money behind development projects that affect their communities.

The Press Association urges a favorable report.



**We believe a strong news media is  
central to a strong and open society.**

Read local news from around the region at [www.mddcnews.com](http://www.mddcnews.com)

**MBIA Letter of Opposition HB 1195.pdf**

Uploaded by: Lori Graf

Position: UNF

March 2, 2023

The Honorable Kumar P. Barve  
Environment & Transportation Committee  
House Office Building, Room 251,  
6 Bladen St., Annapolis, MD, 21401

**RE: Letter of Opposition HB1195 Development Transparency Act of 2023**

Dear Chairman Barve:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **HB1195 Development Transparency Act of 2023**. MBIA **opposes** the Act in its current version.

This bill requires a certain entity seeking any waiver or exemption from or authorization under any zoning regulation, zoning map amendment, conditional use permit, final development plan, or other land use authorization to publicly disclose the name of each individual that owns the entity, including any individual that owns an affiliated entity; and generally relating to disclosure requirements. MBIA opposes this measure, as we believe it intimidates developers, builders, engineers from testifying on any zoning issue. This bill singles out our industry and makes us look like we are trying to cheat the system when we are not.

For these reasons, MBIA respectfully requests the Committee adopt the proposed amendment and give this measure an **unfavorable** report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the House Environment & Transportation Committee

# **HB 1195 - Development Transparency Act - NAIOP -**

Uploaded by: Tom Ballentine

Position: UNF



March 3, 2023

The Honorable Kumar P. Barve, Chair  
House Environment and Transportation Committee  
House Office Building, Room 251  
6 Bladen St., Annapolis, MD 21401

**Unfavorable: HB 1195 – Development Transparency Act**

Dear, Chair Barve and Committee Members:

The NAIOP Maryland Chapters representing more than 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate, recommend your unfavorable report on House Bill 1195.

Business entities have resident agents, managing partners or other official points of contact. Applicants for development approvals already must be identified and responsible parties are identified for permit compliance.

HB 1195 requires an entity seeking any land use or zoning approval to disclose the “owners” of the entity or of any related entities. Related entity is not defined but we assume it is intended to apply to affiliated and subsidiary entities. The bill requires almost anyone with a potential equity position in the applicant entity and any affiliated or related businesses to be identified as part of a zoning or land use application.

Depending on the business type an entity may or may not have “owners”. For smaller entities these requirements would apply to minority partners LLC members and others who have no managerial authority or responsibility and may have no knowledge that the application has been made. For larger entities such as publicly traded companies, a plain reading of the bill requires disclosure of personal information about all stockholders of, for example a Real Estate Investment Trust and its related or affiliated entities.

Most of the approvals listed in the bill are administrative decisions made by local regulators. We do not see the point or the practical need for the disclosure of personal information required.

**For these reasons, NAIOP respectfully recommends your un report on House Bill 1195.**

Sincerely,

A handwritten signature in blue ink that reads "Tom Ballentine".

Tom Ballentine, Vice President for Policy  
NAIOP Maryland Chapters -*The Association for Commercial Real Estate*

cc: House Environment and Transportation Committee Members  
Nick Manis – Manis, Canning Assoc.

**99999.122.(2023-03-03).LTR to Delegate Barve.(Hous**

Uploaded by: Jason Wasserman

Position: INFO



March 3, 2023



**MSBA Main Office**  
520 West Fayette Street  
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410-685-7878 | msba.org

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Delegate Kumar P. Barve, Chair  
House Environmental and Transportation Committee  
Room 251  
House Office Building  
Annapolis, Maryland 21401

Re: **MSBA Business Law Section Council**  
House Bill 1195 (Development Transparency Act of 2023)

Dear Chair Barve and Fellow Committee Members:

The Business Law Section Council (the "Section Council") of the Maryland State Bar Association (the "MSBA") annually reviews proposed legislation that may have an effect on Maryland businesses. We are submitting this written testimony with respect to House Bill 1195 (Development Transparency Act of 2023) (the "Bill"). The Bill would add a new Section 1-407 of the Corporations and Associations Article and a new Section 4-204.1 of the Land Use Article, in each case of the Maryland Code, that would require entities that seek a waiver or exemption from or authorization under any zoning regulation, zoning map amendment, conditional use permit, final development plan, or other land use authorization to publicly disclose the name of each individual that owns the entity.

---

David P. Shapiro  
President

Jason A. DeLoach  
President-Elect

Marisa Trasatti  
Treasurer

W. Carl Isler, II  
Secretary

Victor L. Velazquez  
Executive Director



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The Section takes no position on the advisability of requiring greater transparency with respect to individuals behind the entities that are engaged in new real property developments. We believe, however, that any changes to the Maryland Code in this regard should be set forth solely in the Land Use Article without adding a new Section 1-407 to the Corporations and Associations Article. Proposed new Section 1-407 of the Corporations and Associations Article is entirely duplicative of proposed new Section 4-204.1 of the Land Use Article, and is therefore unnecessary. In addition, as the requirements set forth in the Bill would apply solely with respect to land use, it is more appropriate to include this new requirement in the Land Use Article as opposed to the Corporations and Associations Article.

We therefore respectfully suggest that, in lieu of the Bill as currently proposed, the House Environmental and Transportation Committee consider revising the Bill to eliminate the proposed amendments to the Corporations and Associations Article.



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Very truly yours,

A handwritten signature in black ink that reads "Penny Somer-Greif".

Penny Somer-Greif, Chair  
MSBA Business Law Section Council

A handwritten signature in blue ink that reads "William E. Carlson".

William E. Carlson  
Chair, Committee on Corporation Law, MSBA Business  
Law Section

cc: MSBA Business Law Section Council